



LEVY PLANNING

WORK SESSION

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PURPOSE

- Respond to Goal 4: maintain financial and organizational sustainability.
- Brief Council on polling.
- Attain additional clarity on potential other revenue sources.

RECAP

- Work Sessions March 15, September 13, and October 11.
- Consensus to replace v. renew levy.
- Consensus to poll up to \$1.95 levy rate.
- Considered 6 other revenue options. Consensus to not further study 3 of the 6 options including: non-profit tax exemption, enterprise zone, and Urban Renewal Agency.
- This work session will focus further on ROW fee, public safety fee, and payment in lieu of taxes.

NEEDS ASSESSMENT

Summary Findings:

- Approximately 4 firefighters and 6 police officers needed over the levy period assuming continued growth in population and call volumes.
- More parks maintenance required if additional parks space or amenities added over levy period (does not include Stites Park).
- Recreation coordination/programming included in enhanced service levy rate.
- Library seeking to stabilize programming funding through General Fund instead of donations.

SCENARIO'S - THRU 2028

- For planning purposes only.
- Positions are increases from current staffing levels.
- Assumes maintaining reserves at 25% of expenses.

Renew at \$1.60

- Add 2 police officers / 1 firefighter

Replace at \$1.76 to maintain services

- Add 4 police officers / 2 firefighters

Replace at \$2.04 to maintain and enhance services

- Add 6 police officers / Add 4 firefighters
- Add 1 recreation coordinator
- Add 1 part-time Parks maintenance
- Add 1 part-time Library Associate

TIMELINE

- Levy expires June 30, 2023.
- Election cycles prior to expiration:
 - May, 2022
 - November, 2022
 - May, 2023
- Tentative Work Sessions assuming May, 2022 ballot:
 - Dec-Jan Review poll results
 - Jan-Feb Consensus on rate and message
 - Feb-March Approve and file
- If not May, 2022 timeline bumps back 6 months.

HISTORY

- Levy increased twice: \$.36 and \$.25.
- Current consensus to poll up to a \$.35 increase.

<u>Year</u>	<u>Action</u>	<u>Rate</u>	<u>Outcome</u>
2002	First passed	\$.99	Passed 58% to 41%
2006	Increase \$.36	\$1.35	Failed 49% to 51%
2007	Increase \$.36	\$1.35	Passed 63% to 37%
2012	Increase \$.25	\$1.60	Passed 61% to 39%
2017	Renewal	\$1.60	Passed 80% to 20%

POLLING

- Telephone polling has become very difficult and expensive. The pollster estimates the City would only be able to get about 100-125 telephone responses which is not statistically relevant enough to provide a high level of probability.
- To get to a statistically relevant sample size of about 300, the poll would have to include direct mail to randomly selected voters (may not be likely voters) in combination with telephone surveys. The estimated cost is \$54,000.
- Pollster recommends the City consider using focus groups. Focus groups would not provide the same results as a poll but would provide some valuable information about the levy. The more focus groups, the higher level of accuracy.
- Focus groups typically run about \$9,000 per group if done in person or \$8,000 if online. A group typically has 8 to 10 randomly selected voters and the discussion lasts a couple of hours.

OTHER POTENTIAL REVENUE

If the levy renewed at \$1.60:

- Need an additional \$320,000/year for comparable services at the \$1.76 levy rate.
- Need an additional \$880,000 year for comparable services at the \$2.04 rate.
- For comparison purposes, every ten cent increase in the levy equals about \$200,000 in extra revenue.

OTHER POTENTIAL REVENUE

Right of Way (ROW) Fee

- The City currently manages utilities in the ROW through an individual franchise agreement with each company in the ROW. This results in multiple agreements for a single ROW.
- Cities are moving away from individual franchise agreements and toward a single ROW ordinance as it is easier to manage.
- A ROW ordinance would contain the requirements a company has to meet. A company would have to apply for a ROW permit instead of a franchise agreement.
- A ROW fee is in lieu of a franchise fee.
- The ROW fee and franchise fee are typically the same: 5%.
- A 5% ROW fee would bring in about \$170,000/year.

Public Safety Fee

- This is a flat fee per electric meter on the utility bill.
- Each \$1.00 brings in about \$120,000/year

OTHER POTENTIAL REVENUE

Payment in Lieu of Taxes (PILT)

- Agreement between a non-profit and the city to make a payment in lieu of property taxes for services funded by property taxes.
- Pacific University is the largest non-profit which could be a source of PILT revenue. Service characteristics include:
 - They pay all city rates and fees, i.e., planning, recreation, aquatics, excepting property taxes.
 - They have their own security and first aid staff resulting in few police and medical calls.
 - They provide their own recreational facilities.
- Checking with other cities about other fees we currently do not have that may apply, i.e., fire inspections.
- The non-profit has to voluntarily agree to a PILT.

EXAMPLES

Example 1:

Lower the Street Light Fee by \$.75 and implement a ROW fee of 5% in lieu of a franchise fee.

Additional Revenue:	\$170,000
Levy Impact:	\$.085
Additional cost on Utility Bill:	\$1.25/month

Example 2:

Lower the Street Light Fee by \$.75 and implement a Public Safety Fee of \$1.00.

Additional Revenue:	\$125,000
Levy Impact:	\$.0625
Additional cost on Utility Bill:	\$0.25/month

EXAMPLES

Example 3:

Lower the Street Light Fee by \$.75; implement a Public Safety Fee of \$1.00, and implement a ROW fee of 5% in lieu of a franchise fee.

Additional Revenue:	\$295,000
Levy Impact:	\$.1475
Additional Cost on Utility Bill:	\$2.25/month

Example 4:

No changes to fees and accrue additional revenue through levy property taxes.

DISCUSSION

Does the Council want staff to continue pursuing fees?

If so, what fee(s)?

Is the Council open to lowering an existing utility fee and implementing new one(s)?

Thoughts on polling methods?